June 2022

EXTRACT

Speed, agility, and multi-disciplinary working: What clients want post-COVID

Emerging Trends Programme



SOURCE GLOBAL RESEARCH

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Introduction

The last two years have given consulting firms a lot to consider, and they have made considerable investment in both organisational agility and multi-disciplinary working. This is largely because the ability of their clients to achieve their corporate goals—many of which are more ambitious than they were pre-pandemic—depends heavily on the extent to which their organisations can adapt to rapidly changing conditions and sudden challenges. Economic growth, especially in the context of geopolitical turmoil and high inflation, can only occur if organisations seize opportunities as they arise.

But what do clients actually mean by agility and multi-disciplinary working? The purpose of this report is to shed light on:

- What clients are looking for, and why
- What this means in practical terms for consulting
- The barriers to making agility and multi-disciplinary work in practice
- How consulting firms can most effectively exploit these opportunities and respond to the challenges.

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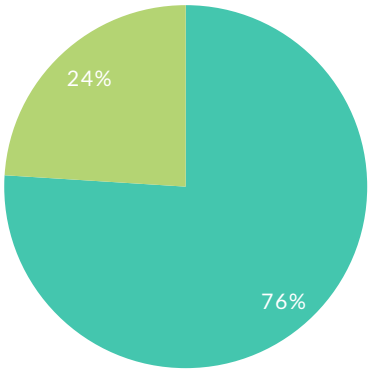
Methodology

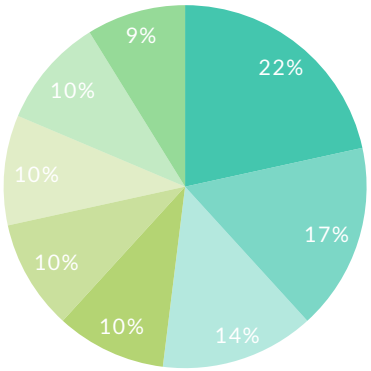
The data in this report came from a variety of proprietary sources. In addition to a specially commissioned survey, detailed below, we have also incorporated data from:

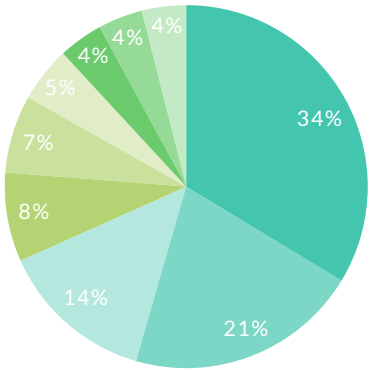
- Our annual client perceptions survey, carried out in November-December 2021, which has around 10,000 responses about individual firms
- Survey data gathered for our market trends programme in the first half of this year, from Australia, China, the DACH region (Germany, Austria, and Switzerland), France, the Gulf Co-Operation Council (primarily Saudi Arabia and the UAE), India, the Nordics, the UK, and the US
- Interviews we've carried out with senior clients over the last 3-4 months.

Survey sample

The bulk of the data in this report comes from a study conducted in April 2022 of just over 100 senior executives, all based in the US. All our respondents worked in private-sector organisations with 1,000 or more employees, with three quarters coming from organisations with more than 5,000 employees. All held a "head of department" or more senior position, and all have been directly involved in buying and managing consulting projects.





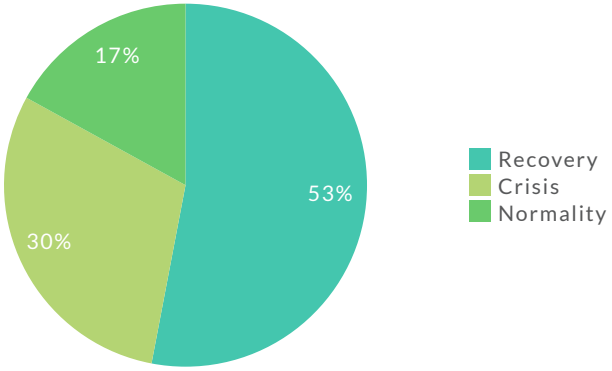


The post-pandemic recovery path

Throughout this report we have made use of a framework first devised as part of our Market Trends report programme earlier this year. As the pandemic comes and not-quite-goes, the way in which organisations see themselves in relation to the crisis has a huge bearing on their outlook, their investment, and ultimately, their use of consulting services.

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To do this, we asked respondents to describe their current status and subsequently classified them into one of three areas. Just under a third considered that their organisation was still dealing with the day-to-day challenges of the pandemic, and only 17% had reached a point that they considered to be normal. This means that the majority of respondents (53%) were in what might be described as recovery mode: emerging from the crisis, and starting to plan and implement changes for the future.



Respondents split by position in the post-pandemic path

But the post-pandemic path is not just a way of explaining what is happening at the moment. By looking at the profile of clients in normality mode, we can also get a sense of what the future will hold. Once they have fully recovered from the pandemic, agility for clients means speed of execution and the ability to work in a joined-up way. To a greater degree than clients still in crisis or recovery modes, they recognise that their ability to achieve their corporate goals depends on more collaboration between different parts of their organisation. Unsurprisingly, clients in normality see their complex organisational structure as the primary obstacle to greater agility, and expect consulting firms to help them work collaborate across functional boundaries.

Specific projects

In order to understand how agility and multi-disciplinary working is playing out in practice in client organisations, we also asked respondents to describe and provide feedback on a recent large-scale project. The profile of these projects is described at the start of Part 3.

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Part 1: Why is agility important now?

Clients hire consulting firms—indeed, more generally speaking, all professional services firms—for two fundamental reasons. First, they are looking for expertise that they do not have in-house; expertise which they need to deliver anything from their most strategic objectives to their day-to-day activities. As we describe separately in our client perceptions reports, the importance of expertise has risen dramatically as a direct result of remote working during the pandemic, and is now—alongside brand and reputation—one of the most important factors that clients take into account when deciding which firm to hire. Of course, it was never unimportant: No client would ever consider a firm without the necessary skills, but pre-crisis they assumed that every major firm would have those skills. Expertise was table-stakes, but two years of calls on Teams and Zoom have demonstrated the value of genuinely deep expertise.

Second, in the past, the importance of expertise has often eclipsed the other key reason why organisations turn to external support: Organisational flexibility. Organisations face huge constraints when it comes to getting things done. They depend on people but hiring too many people reduces profitability and makes it harder to cut costs as needed. By contrast, consultants and other professional advisers can be brought in and dismissed at short notice.

From a client's perspective, this reason for using external support is as important as the first. In fact, most clients seek both, in experts who can be drafted in for short periods of time, obviating the need to recruit people with scarce and expensive skills. Consulting firms think differently: For them, flexibility is "staff augmentation," and is viewed disparagingly; it is usually associated with generic skillsets and commands lower than average fees, while expertise earns premium prices. Compounding this, remote working has made it hard for both clients and consultants to evaluate flexibility during the buying process.

But our research suggests that, post-pandemic, the extent to which consulting firms can provide organisational flexibility is more important than ever. Asking clients to describe their daily lives suggests that eight out of 10 experience heavier workloads—often because they are involved in more special projects—and 75% say their roles have expanded. At the same time, 69% say that many people in their organisation are exhausted as a result of the prolonged crisis, and a similar proportion say that it has become harder to recruit the people they need. Sixty-two percent of clients say they are short-staffed, with 56% saying that many people have resigned in the last year.

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Part 2: Agility: A tale of two definitions

Possibly the only thing that clients seem clear on is that organisational agility is important.

Agility means different things to different people…

Eighty-five percent of clients say that agility—which, for the purposes of the question, we defined as the ability of an organisation to adapt, change quickly, and succeed in a rapidly changing, ambiguous, and turbulent environment—is very important to organisations.

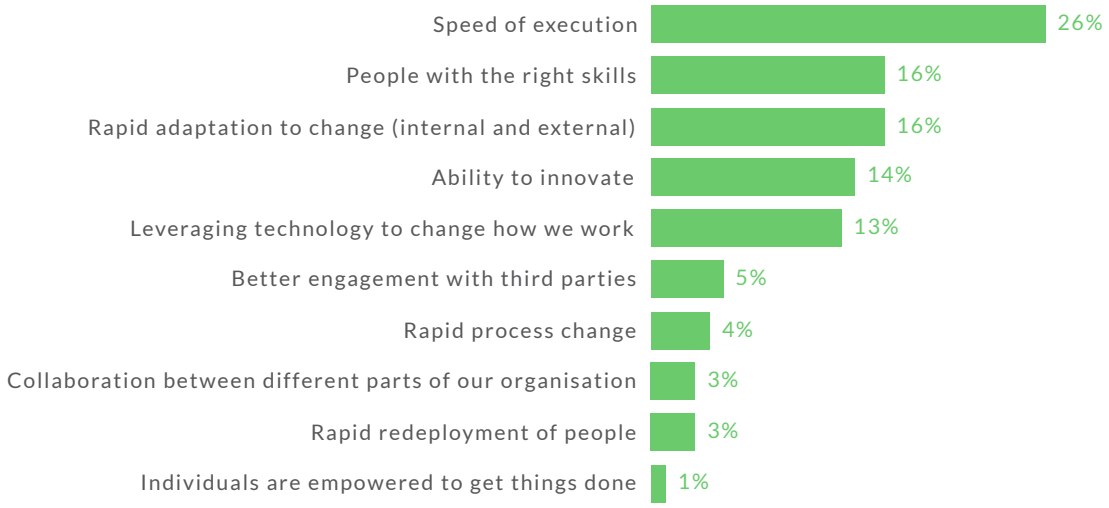
But, put like this, who would not agree?

Better, then, to understand what clients mean by the term agility. For just over a quarter, agility is primarily about speed of execution. Beyond this, it is about ensuring they have the right kind of people, can adapt rapidly to change, can innovate, and can leverage technology to change how they work. At the other end of the scale, clients are least likely to see the need for clear, overall objectives as part of agile working (just 4% said that it was the key component of agility). Instead, our conversations with clients suggest it is a precondition of the ability to work in an agile fashion. Perhaps more interestingly, the need for collaboration between different parts of the organisation and the extent to which individuals are empowered to get things done, were seen as core to agility by just 3% and 1% of clients respectively. Taken together, this suggests that, broadly speaking, clients think of agility as the ability to do things differently and to change at speed, rather than collaboration or empowerment.

Figure 7

What does organisational "agility" mean to you?

Most important responses only



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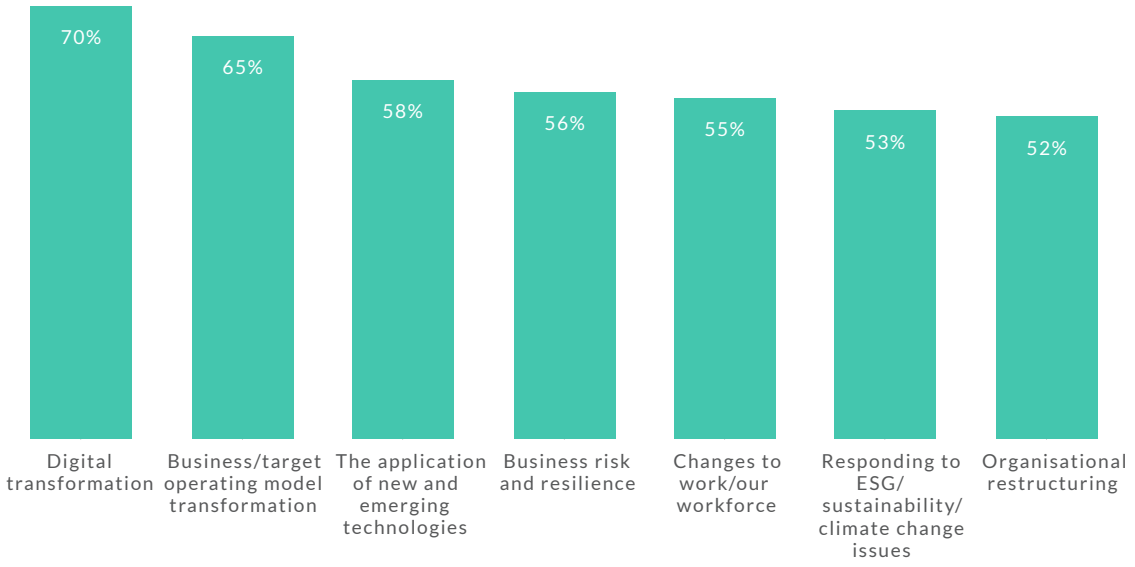
Part 3: Agility in practice

Because there's often a gap between theory and practice, we asked respondents to describe the largest programmes in which they had been involved over the last year, and had used external consultants.

Overall, 70% of these organisations had made a significant investment in digital transformation in the last year, and 65% had made a significant investment in business and/or target operating model transformation.

Figure 14

In which of the following areas has your organisation made a significant investment over the last three years?



Of the specific projects they talked about, 72% were worth more than $1m in consulting fees, and 39% more than $5m. Roughly the same proportion (a quarter) were concentrating on growing revenues and on productivity improvement, and 21% were focused on technology change. These projects were slightly more likely to be aiming for incremental rather than transformational change (55% to 45%). Twenty-four percent centred on the technology function, 20% on operations, and 12% on data & analytics and on sales & marketing. However, two-thirds spanned more two functional areas or more, with a fifth running across many functions. Despite the range of functional areas represented, clients estimated that 81% of the effort that went in was technology-related.

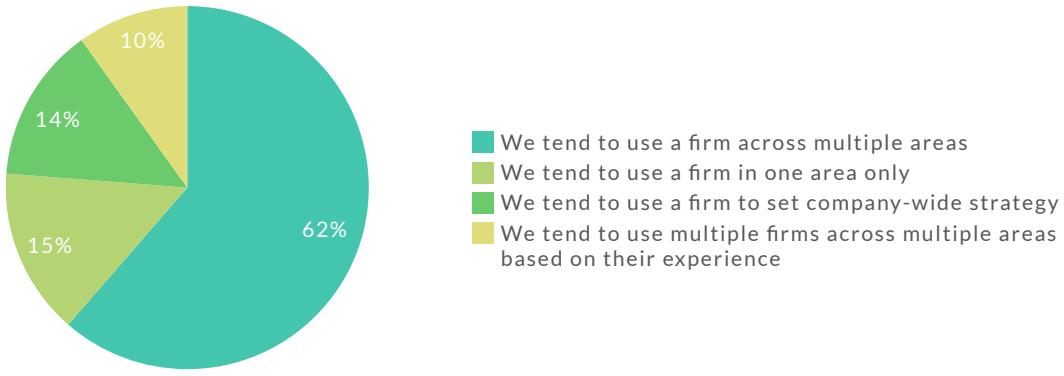
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Part 4: The challenges of multi-disciplinary working for consulting firms

Almost two thirds of the clients questioned for this report said that they tend to use a single firm working in many different areas of their business. Indeed, they are roughly four times more likely to do so than use a firm which works in one single area only; and six times more likely to do so than use multiple firms simultaneously across multiple parts of their business.

Figure 28

How do you tend to engage consulting firms?



Multi-disciplinary working should be thriving, but barriers remain. We have identified two key issues for consulting firms.

"Multi-disciplinary" is another term that means different things to different people

Consulting firms talk about their ability to bring an integrated, "multi-disciplinary approach," but what does this mean to clients? Essentially, it is a combination of ensuring that different functional areas of a client's organisation collaborate, and bringing different skills and perspectives from the consulting firm to a project. In other words, multi-disciplinary working depends on consultants changing their behaviour—actively incorporating diverse thinking and experience, rather than allocating projects to practice "siloes"—and is designed to help clients to do the same.

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Part 5: Seizing the opportunity

Our research suggests that the benefits of agility and multi-disciplinary working are obvious to clients. For clients in crisis and recovery mode, the value of agility lies in their ability to adapt to a changing world; for those in normality—who feel their feet are on solid ground after the crisis—agility is synonymous with speed. Multi-disciplinary working is a crucial means of maximising the cross-functional collaboration on which adaptability, and subsequently speed, depend. For consulting firms in the era of large-scale, multi-functional transformation projects, the ability to accelerate the pace of change on the client side by bridging deeply entrenched gaps between different business units and by fostering collaboration will be critical to winning, as well as delivering, consulting work.

In clients' eyes, consulting firms tend to be good at agility or multi-disciplinary working, but not both

With a small sample, any conclusions about the firms that clients are most likely to associate with agility and effective multi-disciplinary working need to be treated with great caution. That being said, having asked clients about specific projects they have been involved with recently, and the extent to which they expected—and saw—evidence of these ways of working in practice, it is interesting to see, even at a high level, how they rated the firms they hired.

When we rank (Figure 37) how firms were rated, from the highest to the lowest scoring, for both overall agility and, more specifically, their ability to work in a multi-disciplinary way, the results—while not definitive or conclusive—are at least thought-provoking.

The first point to note is that few firms do consistently well at both agility and multi-disciplinary working. Accenture, Deloitte, and BCG are all viewed as better, in relative terms, at the specifics of multi-disciplinary working than they are at agility, (and of course we need to remember that clients at different stages of the post-pandemic path have different definitions of what agility means). McKinsey appears to have the opposite problem: The way it engages clients around agility clearly resonates with them, but it is less successful at converting that advantage into effective multi-disciplinary working.

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Meet our experts

Fiona Czerniawska

A Co-Founder and Managing Director of Source, Fiona is one of the world's leading commentators on the management consulting industry. Since founding Source in 2008, she has been bringing this expertise to bear on our clients' most pressing strategic projects and business issues. Fiona has published a dozen books on consulting topics, including two for The Economist: Business Consulting: A Guide to How it Works and How to Make it Work and Buying Professional Services.

She has more than 20 years' experience as a management consultant, working primarily in the areas of marketing and strategy. She was previously in charge of strategic planning for EY in the UK and has worked in the consulting practice of PwC. Fiona also has a PhD in 17th century French art and lives in hope that it will be of practical use in business someday.

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Catherine Anderson

Catherine is a Principal Consultant at Source in our consulting practice area. Focused on bespoke project work, she turns qualitative and quantitative data into meaningful, strategic insights for professional services firms. Recent projects include identifying opportunities in new markets and analysing client sentiment and how to harness it effectively. She also oversees the Emerging Trends programme, and is often found presenting reports and research on a wide variety of topics. Prior to joining Source, Catherine managed large transformation programmes in the financial services sector.

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We analyse and examine how change drives the way organisations use professional services, and the implications that might have for professional services firms.

Derived from data, years of experience, and sophisticated proprietary research, we use our team's extensive knowledge of the industry to provide actionable and clear conclusions on the best course of action for professional services firms around the world. Our insights not only provide interesting reading, but they have underpinned some of the biggest strategic investment decisions made by firms around the world.

So, how can we help you?

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How we can help you

In addition to our reports, we also provide custom advice and evidence-based consulting services to the world's biggest and most successful professional services firms, helping them to better understand their markets and the challenges and opportunities they face. Underpinned by original research, interviews with your clients, extensive surveys of buyers of professional services, and our wealth of data and experience, our work is designed to help you fully understand the markets in which your firm operate, and want to operate.

Among other things, our offerings include:

- Market entry strategy
- Competitor profiling and research
- Access to our MegaModel, tailored to your definition of the market

For more information about any of these, or our other work, please visit our website or get in touch.

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Programme schedule for 2022

Reports 2022		Market Trends Programme	Client Perception Studies	Emerging Trends Programme
Q1	January	Forecasts for 2022 UK GCC India France	UK US	
	February		Germany Financial Services	
	March		GCC France Healthcare & Pharma	Pricing: Your Biggest Barrier to Change?
Q2	April	Nordics US DACH China South East Asia	Nordics Energy & Resources Technology, Media & Telecoms	
	May		China Japan	
	June			Agility and Multi-disciplinary Working
Q3	July	Australia Tax South America Japan Africa Financial Services Sustainability Energy & Resources		Managed Services: Opportunities and Challenges
	August		Risk Tax	
	September		Audit	Products and Services: The New Consulting Mix
Q4	October	Risk Consumer Products & Retail Healthcare & Pharma Planning for Growth in 2023		
	November			The New Consulting Value Chain
	December			

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